



Washington, D.C. 20505

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Room 302 materials*

18 MAY 1982

7 May 1982

Honorable Benjamin S. Rosenthal  
Chairman, Subcommittee on Commerce,  
Consumer and Monetary Affairs  
Committee on Government Operations  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

George Lardner's May 7, 1982 article "Panel Votes to Bare Arab Investments Report," reports that your Subcommittee staff had accused several of my congressional relations officers of attempting to "commandeer" a stenographer who is an employee of the House of Representatives. I have been assured that this is utterly untrue. It appears that whoever made any such charge does not regularly deal with classified hearings, and does not understand the practices which the Executive Branch and congressional committees have followed for years in protecting the sensitive classified information which appears in transcripts of closed hearings.

The customary and long established procedure for dealing with classified stenographic notes from closed hearings is for our Office of Security to provide officers to accompany the stenographic materials from the hearing room to the stenographer's working area to convert them into a transcript. If the stenographer plans to produce the transcript at a later time, our Security officers store the material in a secure area at CIA Headquarters. Thereafter, at any time when the House stenographer is ready to convert the stenographic materials into a transcript, our Security officers take the material to him. Our officers provide physical security for the classified information, and that is their sole function. We have followed this procedure regularly with the Intelligence, Appropriations, and Foreign Affairs Committees of the Congress and have never run into any difficulty, let alone the type of strident attack which George Lardner reported in the Washington Post of May 7th.

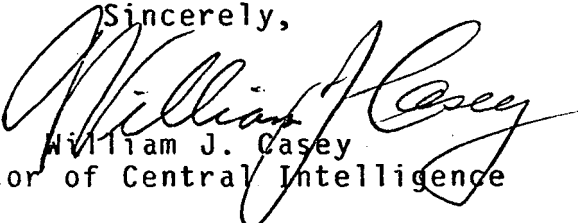
The statement that the stenographer "would have been whisked away to Langley," is particularly offensive. That statement could not have been made in good faith. Indeed, the stenographer himself told your staff on the spot that what we were doing was the normal procedure and it matched the regular instructions he had from the House Clerk's Office. Lest the

American people be misled into thinking that CIA has misbehaved when it merely sought to follow a long established and accepted procedure, the misinformation your staff seems to have given to the press needs to be corrected.

Mr. Chairman, I am concerned that the matter seems to be getting out of hand and that there has been a loss of perspective. Somehow we seem to be forgetting that the product produced by the CIA and provided to your Subcommittee was an excellent one. Indeed it is the high quality of our intelligence product that is the cause of the present dispute. It is vital that this Agency be able to cooperate with the various committees of the Congress. The Congress has always recognized a corresponding responsibility in its use and handling of information we provide to assure it does not adversely impact on the ability of this Agency to continue to gather information vital to our Nation's interest.

I realize that the issue of your desire to publish information from seventeen classified CIA documents has been a difficult one to resolve amicably. I do hope that we can restore the spirit of cooperation evidenced by our continuing relationship over the past four years.

Sincerely,

  
William J. Casey  
Director of Central Intelligence

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OGC/Leg Division:DSA (7 May 1982)

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MEMORANDUM FOR THE SECRETARY OF STATE  
Office of Energy and Fuels  
Department of State

SUBJECT: Saudi Arabia; Foreign Official Assets.

1. Our most recent estimates of Saudi assets, in response to your request of 13 October, are as follows:

Assets

2. The projection for 1979 assumes a continuation of current trends. Thereafter, prices of oil and other Saudi exports and Saudi imports are projected to increase at an annual rate.

3. If you have further questions, please call me or be on INS code 000, extension 4000.

Chief

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RUWANT AND SAUDI ARABIA: FACING LIMITS  
ON US EQUITY PURCHASES

28 APR 1977

[illegible]

These documents are part of 17 CIA studies on Arab country investments in the United States obtained by a House subcommittee. The CIA so far has refused to permit publication of the documents except with key portions blacked out, as in these examples. The subcommittee contends disclosure is in the public interest.

(House Government Operations Subcommittee on Commerce, Consumer & Monetary Affairs)

## Panel Votes to Bare Arab Investments Report

By George Lardner Jr.  
Washington Post Staff Writer

A House subcommittee voted yesterday to recommend disclosure of substantial portions of secret CIA studies on Arab investments in this country after a closed-door hearing to which the CIA dispatched its own guards.

According to subcommittee lawyers, the CIA then tried to commandeer the official House reporter and his stenotapes to Langley to supervise the preparation of the official transcript.

"We were outraged," declared

## CIA Tries to Supervise Hearing Transcript

subcommittee counsel Stephen R. McSpadden.

Subcommittee Chairman Benjamin Rosenthal (D-N.Y.) was called off the House floor for advice on what to do. "He immediately told us not to let the CIA abscond with this guy," said Ted Jacobs, the subcommittee's chief counsel. "He said under no circumstances should that property [the stenotapes] leave the House."

The upshot was that a CIA contingent then marched over to the

Capitol with the House reporter, Robert Cantor, to babysit the making of the transcript there.

At issue are 17 CIA documents dating to 1974, most of them stamped Secret, concerning the extent of investments by members of the Organization of Petroleum Exporting Countries, particularly by Saudi Arabia and Kuwait and their surrogates, in the United States.

Estimates of those holdings vary widely, but they have been calcu

lated by some expert witnesses before the subcommittee as between \$150 billion and \$200 billion.

According to a sanitized summary of one 1977 CIA report, Kuwait and Saudi Arabia were making such heavy investments in certain U. S. corporations at the time that "both countries—but especially Kuwait—are having difficulties placing new funds in the U.S. stock market without triggering the SEC 5 percent disclosure rules."

See OPEC, E2, Col:3

## Panel Votes To Bare Arab Investments

### OPEC, From E1

the registered securities of a publicly traded corporation under SEC jurisdiction are required to disclose a broad range of information, including the source and amount of the funds used to acquire the stock.

After months of sparring between the CIA and Rosenthal's Government Operations subcommittee on monetary affairs over the 17 studies, President Reagan formally refused on Feb. 17 to permit their disclosure. He maintained that release of the studies "would be likely to cause grave injury to our foreign relations or would compromise sources and methods of intelligence-gathering."

Rosenthal then introduced a resolution calling on the House to overrule Reagan and authorize publication with only a few deletions to protect "intelligence sources and methods."

By a party-line vote of 6 to 5, the subcommittee yesterday recommended a somewhat watered-down approach: publishing "summaries of substantial portions" of the documents in a subcommittee report on the foreign investment question.

Rep. Stephen L. Neal (D-N.C.) offered the amended version "for the purpose of getting the CIA to cooperate" before the resolution reaches the House floor. Rosenthal heartily endorsed the change.

The GOP minority, led by Rep. Hal Daub (R-Neb.), dissented, although Daub said he had read all the documents in question and agreed there ought to be some disclosure.

Rosenthal and his aides contend that the degree of secrecy the administration has insisted upon is "ludicrous." They say the CIA reports shed important light on the potential for a mounting degree of OPEC government influence in the United States, but are still primarily analyt-

ical studies, similar to those published regularly by private institutions, such as Chase Manhattan Bank.

The agency sent more than half a dozen officials to testify at the session, but refused to make their names public. Subcommittee staffers said the CIA also asked that no transcript be made at all, but the request was turned down.

After the vote, Cantor, who works for the clerk of the House, went downstairs to the subcommittee offices, evidently accompanied by a CIA contingent, to get a copy of Rosenthal's resolution, Jacobs said.

"Otherwise, he would have been whisked away to Langley without our knowledge," said Jacobs, who arrived moments later with subcommittee staff director Peter S. Barash.

CIA spokesman Dale Peterson insisted later that it was "standard procedure" for CIA officials to escort the official reporter and "accompany classified testimony when it is being transcribed and until it is, in fact, in safe storage." He said it was "not normal" to bring the reporter to Langley, but Peterson said he was unaware that that had been proposed.

Despite that statement, one veteran House employe said that "we've never had [a CIA] escort for material except when it is above Top Secret."